Yong Teng Hing b/s Hong Kong Trading Co & Anor v Walton International Ltd

FEDERAL COURT (PUTRAJAYA) — CIVIL APPEAL NO 02(F)68–10 OF 2011 (W)
ZULKEFLI CJ (MALAYA), HASHIM YUSOFF, AHMAD MAAROP, HASAN LAH FCJJ AND ZALEHA ZAHARI JCA
10 AUGUST 2012

Trade Marks — Registration — Application for — Opposition to application — Court of Appeal found respondent to be bona fide proprietor of 'Giordano' trademark — Appeal against decision of Court of Appeal — Whether Court of Appeal erred in its findings — Whether respondent first user of 'Giordano' trademark in respect of class 9 goods in Malaysia — Whether use of trademark to goods in class 9 likely to deceive or cause confusion to public — Whether respondent's trademark identical to appellant's trademark — Trade Marks Act 1976 s 14(1)

Walton International Ltd ('the respondent'), an associated company of Giordano Ltd, was at all material times the registered proprietor, the applicant and assignee of the 'Giordano' trademark and other related trademarks in respect of articles of clothing, watches with leather straps, leather belts, eyewear including sunglasses, bags, wallets, umbrellas and fashion accessories in Malaysia. Yong Teng Hing ('the appellant'), the sole proprietor of Hong Kong Trading Co, was in the business of selling watches since 1986 and optical and sun glasses since 1992 in Malaysia. All the goods sold by the appellant used the 'Giordano' trademark as it had obtained registration of the said trademark in respect of goods in class 14 ('watches'). When the appellant went on to file an application for the registration of the 'Giordano' trademark for optical and sun glasses (class 9 goods) at the Registry of Trade Marks in Malaysia, the respondent filed a notice of opposition on the grounds that the appellant's trademark was identical or similar to the respondent's 'Giordano' trademark in which the latter had acquired substantial goodwill and reputation in many countries including Malaysia. However, the Registrar of Trade Marks ('the registrar') dismissed the opposition by the respondent. The respondent's appeal to the High Court was also dismissed. Thereafter the respondent appealed to the Court of Appeal against the decision of the High Court. The Court of Appeal found that the respondent was the first user and therefore the bona fide proprietor of the 'Giordano' trademark and that the appellant had failed to proffer any plausible explanation on his choice of trademark which was identical to the respondent's mark. The Court of Appeal thus allowed the respondent's appeal. The appellant then obtained leave to appeal to this court against the decision of the Court of Appeal. In this appeal the appellant relied on the principle of law as laid down in the Court of Appeal's decision in *Lim*

Yew Sing v Hummel International Sports and Leisure A/S [1996] 3 MLJ 7 (*Hummel*'s case) to support its contention that the first user and applicant for registration of a trade mark in a particular class was deemed to be the true proprietor of the trademark over another who had not shown prior use of a similar trademark in relation to goods in the same class. The appellant claimed that he had prior use of the 'GIORDANO' trademark in respect of goods in class 9 and that the respondent's notice of opposition was mala fide because it had never applied for the registration of the'GIORDANO' trademark for goods in class 9.

Held, dismissing the appeal with costs:

(1) It was the view of this court that *Hummel*'s case did not hold that the applicant who was the first to use and file a trade mark in relation to goods of that class enjoyed absolute priority over another proprietor who had not used the mark in relation to the same goods of that class. In *Hummel*'s case the onus was on the foreign company to challenge the registration of the Hummel's mark that had been used and registered by a local proprietor and which had enjoyed the presumption of validity in Malaysia. In the present case, the respondent had filed its notice of opposition before the appellant's trademark could be registered and the onus was therefore on the appellant to prove that he was entitled to register the 'Giordano' trade mark. However, as the Court of Appeal rightly found the appellant had not adduced any evidence to show that he had commenced use of the trademark in relation to optical goods and sunglasses prior to the filing date of his application for registration. As such, this court was of the view that the principles in *Hummel*'s case, which would apply if there had been no use of the foreign trademark at all in Malaysia, had no application to the facts of the present case. In fact, it was also for this reason that the Court of Appeal in the present case had rightly distinguished Hummel's case (see paras 9–15).

(2) Further, the Court of Appeal in the present case had made a crucial finding of fact that the appellant, who had not 'independently devised the mark himself', had tried to obtain the benefit of the worldwide reputation of the respondent. It was the view of this court that such a finding was not unreasonable bearing in mind that the appellant had failed to proffer any plausible explanation on his choice of mark, which was identical to the respondent's mark (see paras 17–19)

(3) Under s 14(1)(a) of the Trade Marks Act 1976 ('the Act'), registration of a trademark should be refused if there is likelihood of confusion or deception to the public or customers. The likelihood of confusion and deception could never be ruled out in the present case simply because the goods sought to be registered by the appellant fall in class 9 whilst the goods that had been sold and traded by the respondent fall in other classes

such as class 25. Further, the appellant had sought to register the 'Giordano' trademark which was identical both visually and phonetically to the respondent's 'Giordano' trademark. In the present case since both the appellant's and respondent's goods are fashion wear, which share similar nature and purpose and are targeted at the same class of customers and market area, it was highly likely that members of the public would wonder if the appellant's and respondent's goods both bearing the 'Giordano' trademark had originated from the same source. Thus, this court was of the view that the use of the 'Giordano' trademark by the appellant was certainly likely to cause confusion or deception within the meaning and scope of s 14(1)(a) of the Act. In the circumstances the respondent was awarded a sum of RM50,000 with costs (see paras 25–34).

[Bahasa Malaysia summary

Walton International Ltd ('responden'), sebuah syarikat bersekutu Giordano Ltd, adalah pada setiap masa matan pemilik berdaftar, pemohon dan pemegang serah hak cap dagang 'Giodarno' dan cap dagang berkaitan berkenaan dengan barang pakaian, jam tangan bertali kulit, tali pinggang kulit, barangan optik termasuk kaca mata, beg-beg, dompet-dompet, payung dan aksesori fesyen di Malaysia. Yong Teng Hing ('perayu'), pemilik tunggal Hong Kong Trading Co, mempunyai perniagaan menjual jam tangan semenjak 1986 dan barangan optik dan kaca mata gelap semenjak 1992 di Malaysia. Kesemua barangan tersebut dijual oleh perayu menggunakan cap dagang 'Giordano' memandangkan ia telah memperoleh pendaftaran cap dagang tersebut berkenaan dengan barangan dalam kelas 14 ('jam tangan'). Apabila perayu memfailkan permohonan untuk pendaftaran cap dagang 'Giordano' untuk barangan optik dan kaca mata gelap (barangan kelas 9) di Pejabat Pendaftaran Cap Dagang di Malaysia, responden memfailkan notis bantahan atas alasan bahawa cap dagang perayu adalah sama atau serupa dengan cap dagang 'Giordano' responden yang mana telah memperoleh nama baik dan reputasi mencukupi di banyak negara termasuk Malaysia. Walau bagaimanapun, Pejabat Pendaftaran Cap Dagang ('pendaftar') menolak bantahan oleh responden. Rayuan responden di Mahkamah Tinggi juga telah ditolak. Selanjutnya, responden membuat rayuan di Mahkamah Rayuan terhadap keputusan Mahkamah Tinggi. Mahkamah Rayuan mendapati bahawa responden adalah pengguna pertama dan oleh itu merupakan pemilik bona fide cap dagang 'Giordano' dan bahawa perayu gagal untuk memberikan penjelasan yang munasabah dalam pemilihan cap dagangnya yang mana sama dengan cap responden. Mahkamah Rayuan justeru membenarkan rayuan responden. Perayu kemudian memperoleh kebenaran untuk merayu kepada mahkamah ini terhadap keputusan Mahkamah Rayuan. Dalam rayuan ini perayu bersandarkan kepada prinsip undang-undang yang diperuntukkan dalam keputusan Mahkamah Rayuan dalam *Lim Yew Sing v Hummel International Sports and Leisure A/S* [1996] 3 MLJ 7 (kes *Hummel*) untuk

menyokong hujahannya bahawa pengguna pertama dan pemohon untuk.pendaftaran cap dagang dalam suatu kelas dianggap sebagai pemilik sebenar cap dagang dibandingkan dengan pihak yang lain yang mana tidak menunjukkan penggunaan cap dagang yang serupa berkaitan dengan barangan dalam kelas yang sama. Perayu mendakwa bahawa dia telah menggunakan cap dagang 'Giordano' terlebih dahulu berkenaan dengan barangan dalam kelas 9 dan bahawa notis bantahan responden adalah mala fide oleh kerana ia tidak pernah memohon pendaftaran cap dagang 'GIORDANO' untuk barangan kelas 9.

Diputuskan, menolak rayuan dengan kos:

(1) Adalah menjadi pandangan mahkamah ini bahawa kes *Hummel* tidak memutuskan bahawa pemohon yang pertamanya telah menggunakan dan memfailkan suatu cap dagang berkenaan dengan barangan dalam kelas tersebut mempunyai keutamaan mutlak dibandingkan dengan pemilik yang lain yang mana tidak menggunakan cap berkenaan dengan barangan yang sama dalam kelas tersebut. Dalam kes *Hummel* onus adalah pada syarikat luar negara untuk mencabar pendaftaran cap Hummel yang mana telah digunakan dan didaftarkan oleh pemilik tempatan dan yang mana telah menikmati anggapan kesahan di Malaysia. Dalam kes ini, responden telah memfailkan notis bantahannya sebelum cap dagang perayu telah didaftarkan dan onus oleh itu adalah pada perayu untuk membuktikan bahawa dia berhak mendaftarkan cap dagang 'Giordano'. Walau bagaimanapun, memandangkan Mahkamah Rayuan dengan sebetulnya telah mendapati perayu tidak mengemukakan sebarang keterangan untuk menunjukkan bahawa dia telah mula menggunakan cap dagang berkenaan dengan barangan optik dan kaca mata gelap sebelum memfailkan tarikh permohonan pendaftarannya. Oleh itu, mahkamah ini adalah berpendapat bahawa prinsip kes *Hummel*, yang boleh diguna pakai sekiranya tidak terdapat penggunaan cap dagang luar negara langsung di Malaysia, tidak boleh diguna pakai dengan fakta dalam kes ini. Dalam fakta, adalah disebabkan ini Mahkamah Rayuan dalam kes ini telah sebetulnya membezakan kes *Hummel* (lihat perenggan 9–15).

(2) Selanjutnya, Mahkamah Rayuan dalam kes ini telah membuat dapatan fakta yang penting bahawa perayu, yang mana tidak 'independently devised the mark himself', telah cuba untuk memperoleh faedah reputasi di serantau dunia responden. Adalah menjadi pandangan mahkamah ini bahawa dapatan sedemikian adalah berpatutan melihatkan bahawa perayu telah gagal untuk memberikan sebarang penjelasan munasabah untuk pilihan cap, yang mana sama dengan cap responden (lihat perenggan 17–19).

(3) Di bawah s 14(1)(a) Akta Cap Dagang 1976 ('Akta'), pendaftaran cap

dagang seharusnya ditolak sekiranya terdapat kebarangkalian untuk kekeliruan atau perdayaan kepada orang awam atau pelanggan. Kebarangkalian untuk kekeliruan dan perdayaan tidak mungkin akan berlaku dalam kes ini kerana barangan yang ingin didaftarkan oleh perayu jatuh dalam kelas 9 manakala barangan yang telah dijual dan didagang oleh responden jatuh dalam kelas yang lain seperti kelas 25. Tambahan, perayu telah memohon untuk mendaftarkan cap dagang 'Giordano' yang mana sama dari segi visual dan fonetik kepada cap dagang 'Giordano' responden. Dalam kes ini memandangkan kedua-dua barangan perayu dan responden adalah barangan fesyen, yang mana berkongsi sifat, tujuan yang serupa dan bersasaran terhadap kelas pelanggan dan pasaran yang sama, adalah besar kemungkinanan bahawa orang awam akan berfikir sama ada barangan perayu dan responden yang mempunyai cap dagang 'Giordano' berasal dari sumber yang sama. Justeru, mahkamah ini adalah berpendapatan bahawa penggunaan cap dagang 'Giordano' oleh perayu semestinya berkebarangkalian menyebabkan kekeliruan atau perdayaan dalam maksud dan skop s 14(1)(a) Akta. Dalam keadaan ini responden diawardkan jumlah RM50,000 dengan kos (lihat perenggan 25–34).]

Notes

For a case on application for registration, see 12 *Mallal's Digest* (4th Ed, 2011 Reissue) para 2485.

Cases referred to

Alfred Dunhill Ltd v Sunoptic SA [1979] FSR 337, CA (refd)

Bali Trade Mark [1969] RPC 472, HL (refd)

CHIPIE Trade Mark Application (Mauritius) Sprints Ltd v Comptroller of Customs (Mauritius) [2000] FSR 814, PC (refd)

Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc [1998] All ER (EC) 934; [1999] RPC 177 (refd)

Dame Vivienne Westwood OBE v Anthony Edward Knight [2011] EWPCC 008 (folld)

Lim Yew Sing v Hummel International Sports and Leisure A/S [1996] 3 MLJ 7, CA (distd)

McCormick & Company Inc v McCormick [2000] FCA 1335, FC (refd)

Meidi-Ya Co Ltd Japan & Anor v Meidi (M) Sdn Bhd [2009] 2 MLJ 14; [2009] 2 AMR 931, FC (folld)

QS by S Oliver Trade Mark [I999] RPC 520 (refd)

Seven Up CO, The v OT Ltd & Anor (1947) 75 CLR 203 (refd)

Special Effects Ltd v L'Oreal SA [2007] RPC 381, CA (folld)

Thrifty Rent-A-Car System Inc v Thrifty Rent-A-Car Sdn Bhd & Anor [2004] 7 MLJ 567; [2004] 2 AMR 57 (refd)

Tiffany & Co v Fabriques de Tabac Reunies SA [1999] 3 SLR 1437, CA (refd)

Valley Girl Co Ltd v Hanama Collection Ptv Ltd & Anor 66 IPR 214, HC (refd)

Legislation referred to

Trade Marks Act [UK] s 11
Trade Marks Act 1976 ss 10, 14, 14(1)(a), 19, 25, 45
Trade Marks Regulations 1997
Trade Marks Rules [AU]

Appeal from: Civil Appeal No W–02–685 of 2008 (Court of Appeal, Putrajaya)

WA Shashila (Anita Kaur Gerewal with him) (Ram Rais & Partners) for the appellants.
SL Su (April Wong with him) (Tay & Partners) for the respondent.

Zulkefli CJ (Malaya) (delivering judgment of the court):

INTRODUCTION

[1] This is an appeal by the appellant against the decision of the Court of Appeal in allowing the respondent's appeal against the decision of the High Court dismissing the respondent's appeal against the decision of the registrar of Trade Marks, Malaysia ('the registrar'). The Registrar had earlier in his decision dismissed the respondent's notice of opposition filed against the appellant's trademark application No 92/0511 to register the trademark 'GIORDANO' for optical and sunglasses in class 9.

LEAVE TO APPEAL

[2] Leave to appeal to this court was granted on the following questions:

Question 1
Whether the first user and applicant for registration of a trademark for goods included in a particular class in the Third Schedule for the Trade Mark Regulations 1983 or the Trade Marks Regulations 1997, is deemed to be the true proprietor of the said trademark over another who has not shown prior use of an identical or similar trademark in relation to goods in the same class as per the principles decided by the Court of Appeal in *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7; and

Question 2
Whether the applicant's/appellant's use of the GIORDANO mark in relation to goods in Class 9, can lead to deception or confusion to the public under s 14(1)(a) of the Trade Marks Act 1976, by reason only of the respondent's alleged goodwill and reputation in respect of the GIORDANO mark in relation to goods in class 25.

A BACKGROUND FACTS

[3] The relevant background facts of this case as reproduced from judgment of the Court of Appeal are as follows:

B (a) the respondent, Walton International Ltd is an associated company of Giordano Ltd. Both were part of a group of companies owned by Giordano Holdings of Hong Kong, a public listed company on the Hong Kong Stock Exchange since 1991. Following a restructuring, the respondent and Giordano Ltd became wholly owned subsidiaries of C Giordano International Ltd of Bermuda, also a public listed company on the Hong Kong stock exchange;

(b) in Malaysia the respondent is the registered proprietor, the applicant and assignee of 'GIORDANO' trademark and other related trade marks in D class 25 (for garments and wearing apparels; jeans, T-shirts, pouch, accessories, trousers, clothing, footwear and headgear and articles of clothing), class 18 (for leather and imitations of leather, and goods made of these materials and not included in other classes, animal skins, hides, trunks and travelling bags, umbrellas, parasols and walking sticks, whips, E harness and saddlery) and class 13 (for GIORDANO ladies);

(c) apart from the above applications and registrations in Malaysia, the respondent is also the registered proprietor and applicant for registration, whether by itself or through assignments, of 'GIORDANO' trademark F for goods in, inter alia, classes 9, 14, 18 and 25 in many other countries around the world;

(d) the respondent's predecessor in title, Giordano Ltd has sold and exported substantial quantities of goods bearing 'GIORDANO' trademark, such as articles of clothing, watches with leather straps, leather belts, eyewear G including sunglasses, bags, wallets, umbrellas and fashions accessories, to many countries including Malaysia. By an assignment dated 5 March 1991, all the 'GIORDANO' trademark and other related trademark worldwide together with the goodwill and reputation in connection with the trademarks have been assigned to the respondent;

H (e) the appellant on the other hand, is the sole proprietor of Hong Kong Trading Co. He ventured into businesses of selling watches with leather and imitation leather straps in 1986, and selling optical and sunglasses, and cases made of leather or imitation leather in 1992 in Malaysia. All the I goods sold and dealt with by the appellant used the 'GIORDANO' trademark. He had in fact applied to register the 'GIORDANO' trademark for goods in classes 9, 14 and 18 and had obtained registration of 'GIORDANO' trademark in class 14;

(f) the appellant filed an application for registration of the trademark

'GIORDANO' at the Registry of Trade Marks, Malaysia on 25 July 1992 for optical and sunglasses in class 9 vide application No 92/05211. The appellant's application was published in the Government *Gazette* dated 8 June 1995;

(g) the respondent filed an opposition against the appellant's application for the registration for the trademark 'GIORDANO' on the grounds, inter alia, that the 'GIORDANO' trademark applied for by the appellant is identical or similar to the respondent's 'GIORDANO' trademark in which the respondent has acquired substantial goodwill and reputation in Hong Kong and many other countries, including Malaysia, prior to the filing date of the appellant's application, and that the respondent's predecessor-in-title, Giordano Ltd, is the originator and/or the bona fide proprietor of the said trademark; and

(h) the registrar dismissed the said opposition and the respondent filed an appeal to the High Court against the registrar's decision in dismissing the said opposition vide Kuala Lumpur High Court Notice of Originating Motion No R1–25–177 of 2003. The learned High Court judge dismissed the appeal and decided in favour of the appellant by rejecting the respondent's opposition and accepting the appellant's application for registration of 'GIORDANO' trademark for class 9. The respondent then appealed against the High Court's decision to the Court of Appeal.

THE FINDINGS OF THE HIGH COURT

[4] The learned judge of the High Court dismissed the respondent's appeal amongst others on the following grounds:

(a) the appellant was the first user of the 'GIORDANO' trademark in class 9 (optical and sunglasses) in Malaysia. The respondent has not adduced evidence to show that it had in fact sold goods bearing the said trademark in class 9. There is no evidence or proof of use by the respondent of the 'GIORDANO' trademark on goods in class 9, either prior to the appellant's trademark application or even after the said application;

(b) the respondent's goods are of a different description and were sold not in the same trade channel as those of the appellant but rather in very different store;

(c) the respondent has no reputation or goodwill in the 'GIORDANO' trademark in connection with goods in class 9; and

(d) the respondent accepted the fact that it cannot claim any monopoly over the 'GIORDANO' trademark because it did not appeal against the

registrar's decision in dismissing its opposition filed against the respondent's application No 92002279 for the 'GIORDANO' trademark in class 14 (for watches).

THE FINDINGS OF THE COURT OF APPEAL

[5] The Court of Appeal in allowing the respondent's appeal against the decision of the learned judge of the High Court found that the appellant had failed to adduce sufficient evidence to show that he had commenced using the 'GIORDANO' trademark in relation to optical goods and sunglasses (class 9) prior to the application date for registration. On the contrary, the Court of Appeal found that the respondent is the first user of the 'GIORDANO' trademark in Malaysia as early as 1990 in relation to amongst others, articles of clothing, leather belts, bags, wallets and umbrellas which predates the application date of the appellant's registration of the trademark for optical goods and sunglasses (class 9).

THE DECISION OF THIS COURT

[6] We shall first deal with the first question posed in this appeal. Essentially, the appellant's case is that he contended that he had prior use of the 'GIORDANO' trademark in respect of goods in class 9. According to him, he has been selling optical and sunglasses using the 'GIORDANO' trademark since 1992. It is the contention of the appellant that the respondent's notice of opposition was mala fide because the respondent had never applied for the registration of the 'GIORDANO' trademark for goods in class 9 and there was no evidence or proof of use by the respondent of the 'GIORDANO' trademark on goods in class 9 either prior to the appellant's application or even after the application.

[7] At the outset we would like to state here that the relevant date upon which the court has to decide whether the appellant is entitled to register the 'GIORDANO' trademark in class 9 is the appellant's application date on 25 July 1992 (see the case of *Meidi-Ya Co Ltd Japan & Anor v Meidi (M) Sdn Bhd* [2009] 2 MLJ 14; [2009] 2 AMR 931. It must also be noted that under the provisions of the Trade Mark Act 1976 ('the Act') priority to a trademark is not necessarily accorded to the first party or the first user to file the trademark. We agree with the submission of learned counsel for the respondent that the entitlement to a trademark is dependant on a number of factors. Such factors for consideration are whether the applicant is the bona fide proprietor of the trade mark pursuant to s 25 of the Act and whether the trademark qualifies for registration pursuant to s 10 of the Act particularly whether the mark is distinctive of the applicant. A factor to be also considered is whether the

trademark shall be prohibited from registration pursuant to other provisions of the Act, such as ss 14 and 19 of the Act.

[8] The appellant has relied on the principle of law as laid down in the Court of Appeal's decision of *Lim Yew Sing v Hummel International Sports and Leisure A/S* [1996] 3 MLJ 7 ('the *Hummel* case') to support his case that the first user and applicant for registration of a trademark in a particular class is deemed to be the true proprietor of the said trademark over another who has not shown prior use of an identical or similar trademark in relation to goods in the same class. With respect, we could not agree with the contention of the appellant as *Hummel*'s case can be distinguished on the facts from the present case. We noted that the *Hummel*'s case did not decide the first user of the trademark would be entitled to register the trademark absolutely. In *Hummel*'s case there was no issue of the foreign entity having used the trademark at all in Malaysia prior to the application date in respect of different but related goods unlike in the present case. The *Hummel*'s case involves an application to invalidate the Hummel trademark registration which had been registered for more than seven years pursuant to s 45 of the Act.

[9] Section 36 of the Act provides that the mere fact of registration is only prima facie evidence of the validity of the registration. In *Hummel*'s case it was rightly held by the Court of Appeal that the onus of establishing that the Hummel trademark was wrongly registered or remaining on the register lies on the party seeking to invalidate the trademark, which was on the respondent in that case. In *Hummel*'s case, the Hummel trademark was registered by a local proprietor, Gurdip Kaur (trading as Syarikat Hardial Singh) who had been using the trademark since its registration, and by the time the invalidation proceedings were brought by the respondent, Hummel International Sports & Leisure A/S. On the issue as to whether the Hummel mark was validly registered on 13 August 1981, the Court of Appeal in that case held, inter alia, as follows:

> (1) In the present case, there is no evidence whatsoever that the respondent had used or publicised the trademark in Malaysia prior to 13 August 1981. In short, the mark HUMMEL was unknown in Malaysia when Gurdip Kaur applied for and obtained registration thereof (see p 12 para I of the judgment).
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> (2) Gurdip Kaur filed her application under s 25 of the Act in 1981. She claimed to be the proprietor of the HUMMEL (M) mark. On the basis that nobody else had previously used the mark in Malaysia, she was quite entitled to make this claim (see p 20 para F of the judgment).

[10] We are also of the view that the Court of Appeal in *Hummel*'s case was right in holding that trademark law is very territorial in many aspects. There is

nothing unlawful under the Act for a Malaysian trader to become the registered proprietor of a foreign trademark used for similar foreign goods provided that the foreign trademark has not been used at all in Malaysia.

[11] It is our considered view that the *Hummel*'s case did not hold that the applicant who is the first to use and file a trademark in relation to goods of that class enjoys absolute priority over another proprietor who has not used the mark in relation to the same goods of that class. In *Hummel*'s case the issue of whether use of a mark is likely to deceive or confuse the public as a result of an earlier mark that has been used in relation to other goods did not arise at all. The Court of Appeal had in fact considered s 14(1)(a) of the Act and found that there was no likelihood of confusion and deception simply because the respondent, Hummel International Sports & Leisure A/S had no presence at all in Malaysia in terms of sales or advertisements of its products.

[12] It is to be noted in the present case the respondent filed its notice of opposition before the appellant's mark could be registered. On this point it is our judgment that the onus is on the appellant to prove that he is entitled to register the 'GIORDANO' trademark. This is different from the onus on the foreign company in the *Hummel*'s case to challenge the registration of the Hummel's mark that has been on the register for more than seven years and enjoys the presumption of validity. The Court of Appeal in the present case was right in its finding that the appellant had not adduced evidence to show that he had commenced using the 'GIORDANO' trademark in relation to optical and sunglasses as of the application date bearing in mind that the appellant as the applicant bears the burden of proving his entitlement to register the said trademark.

[13] On the issues of prior use and registration we are in agreement with the finding of the Court of Appeal in the present case that the respondent had used the 'GIORDANO' trademark in Malaysia prior to the application date. The respondent and/or its licensees had first used the 'GIORDANO' trademark in Malaysia in relation to goods such as articles of clothing, leather belts, bags, wallets, umbrellas and other fashion accessories sometime in 1990. The evidence adduced by the respondent of use of the 'GIORDANO' trademark since 1990 had not been challenged by the appellant. The respondent had secured registration of the 'GIORDANO' trademark as early as 28 August 1982 in class 25 in relation to garment and wearing apparels under trademark registration Nos M/96438 (Malaya), S/30459 (Sabah) and SAR/25720 (Sarawak). The respondent subsequently registered the trademark on 13 June 1988 under trademark registration No 88002812 in class 25 in relation to articles of clothing. This trademark is identical to the trademark that the appellant is seeking registration in 1992 for class 9.

[14] It is also to be noted from the *Hummel*'s case the Court of Appeal held that evidence of slight use of the trademark in the country is sufficient to establish distinctiveness and therefore entitlement to the trademark. On this point the case of *The Seven Up CO v OT Ltd & Anor* (1947) 75 CLR 203 was cited with approval by the Court of Appeal in the *Hummel*'s case, inter alia, as follows:

> The court frowns upon any attempt by one trader to appropriate the mark of another trader although that trader is a foreign trader and the mark has only been used by him in a foreign country. It therefore seized upon a very small amount of use of the foreign mark in Australia to hold that it has become identified with and distinctive of the goods of the foreign trader in Australia. It is not then a mark which another trader is entitled to apply to register under the Trade Marks Act because it is not his property but the property of the foreign trader.

[15] We are of the view that the principles in the *Hummel*'s case would apply if there had been no use of the foreign trademark at all in Malaysia. It is very clear that the principles laid down in *Hummel* have no application to the facts of the present case. We noted that it is for this reason the Court of Appeal in the present case had rightly distinguished the *Hummel*'s case wherein at p 20 of the judgment it had this to say:

> In *Lim Yew Sing v Hummel International Sports & Leisure A/S* [1996] 3 MLJ 7, the Court of Appeal had decided that a Malaysian trader could only become the registered proprietor of a foreign trademark used for similar goods if the foreign trade mark has not been used at all in Malaysia. In the present case it is clear from the unchallenged evidence that the appellant's predecessor, Giordano Ltd Hong Kong, is the first user to the GIORDANO trademark in relation to, amongst others, articles of clothing, leather belts, bags, wallets and umbrellas in Malaysia since as early as the year 1990, before the filing date of the respondent's application for registration.

[16] Learned counsel for the respondent submitted that apart from prior use of the 'GIORDANO' trademark in Malaysia, the respondent has established extensive and substantial use of the 'GIORDANO' trademark in Asia since 1981, which use in such countries especially Hong Kong and Singapore has given rise to reputation of the 'GIORDANO' trademark in Malaysia long before the appellant's attempt to register the mark in 1992. Given the frequency of travels by Malaysians to Hong Kong and Singapore, it would not be untenable in our view to make a finding that the 'GIORDANO' trademark was known to Malaysians even in the 1980's.

[17] We noted that the Court of Appeal in the present case had also made a crucial finding of fact that the appellant had not 'independently devised the mark himself'. The Court of Appeal held that the appellant had tried to obtain

the benefit of the worldwide reputation of the respondent. In our view such a finding is not unreasonable bearing in mind that the appellant had failed to offer any plausible explanation on his choice of mark which is identical to the respondent's mark.

[18] We would like to state here that after the *Hummel*'s case there has been a shift in direction and approach towards the acceptance of the reputation of foreign trademarks which would bar the registration by a proprietor of a mark that is similar thereto. In this regard an amendment was made to s 14 of the Act as of 1 August 2001 (Act A1078) by the introduction of the concept of well-known trademark. Under this new provision of the Act a foreign trademark which is well-known in Malaysia, shall be the basis for refusal of the registration of a similar mark by a different proprietor, notwithstanding that the foreign mark has not been used at all or registered in Malaysia.

[19] The concept of well-known trademark has also been accepted by the courts in various other jurisdictions which have upheld the marks of foreign traders that had acquired substantial reputation. In the case of *CHIPIE Trade Mark Application (Mauritius) Sprints Ltd v Comptroller of Customs (Mauritius)* [2000] FSR 814, the Privy Council accepted that the second respondent had established the reputation of its trademark 'CHIPIE' in Mauritius before the appellant had started to use the same name. The Privy Council had found useful and persuasive the extensive registration and use of the 'CHIPIE' trademark by the foreign trademark owner especially in countries that have close connection with Mauritius such as the United Kingdom and the Far Eastern countries. The Privy Council amongst others held at p 822 as follows:

> But it is essentially the reputation of the mark which will give rise to possible confusion and in light of the growth in international commerce and communication it may now be possible in the case of an internationally established trade mark to proceed upon evidence of its notoriety in a country even without any actual user of the mark there.

[20] On the application of the concept of well-known trademarks the Court of Appeal of Singapore in the case of *Tiffany & Co v Fabriques de Tabac Reunies SA* [1999] 3 SLR 1437 has also held that modern technology and communication had improved to such an extent that the public in Singapore would be aware of foreign trademarks even if they had not been previously used in Singapore. In 2005, the High Court of New Zealand in the case of *Valley Girl Co Ltd v Hanama Collection Ptv Ltd & Anor* 66 IPR 214 upheld the assistant commissioner's finding that the respondents had established the necessary awareness of their mark 'VALLEYGIRL' in New Zealand based on the nature and extent of their use of the mark 'VALLEYGIRL' in Australia.

[21] On the appellant's contention that the registrar had found from the evidence adduced that the appellant was the first to use the 'GIORDANO' trademarks for goods in class 14 in Malaysia in 1986 and the fact that the respondent had not appealed against the said decision of the Registrar strengthened the appellant's case for the registration of the trademark in class 9, with respect we could not agree with such a contention. We are of the view the appellant's registration of the 'GIORDANO' mark in class 14 is irrelevant. The appellant's registration in class 14 does not automatically entitle the appellant to register the mark in class 9. There is nothing under the Act which prescribes such a priority consideration. If the argument put forward for the appellant is to prevail then equally it can be argued for the respondent that the respondent's prior registration of its 'GIORDANO' mark in 1982 in class 25 in Malaysia would effectively and conclusively bar the appellant's registration for the same mark in classes 14 and 9.

[22] We are also of the view the fact that the respondent had not appealed against the decision of the Registrar in dismissing the respondent's opposition to the appellant's mark in class 14 is likewise irrelevant. On this point we would refer to the English Court of Appeal's case of *Special Effects Ltd v L'Oreal SA* [2007] RPC 381 wherein it was held, inter alia, that an opposition proceeding does not give rise to any estoppel to the same party from seeking to rectify the Register by expunging the registered mark after an unsuccessful opposition. This is because an opposition proceeding is inherently not final so as to be capable of being the basis for an issue estoppel. Similarly, in the case of *Dame Vivienne Westwood OBE v Anthony Edward Knight* [2011] EWPCC 008, the court therein held that even if a person had pursued an opposition and lost, that person could still apply to invalidate and no cause of action estoppel nor issue estoppel would prevent it. We are therefore of the view that following the above cited case laws, it remains open for the respondent to challenge the registration of the appellant's trademark in class 14 by relying on the provision of s 45 of the Act in rectification proceedings.

[23] We shall now deal with the second question posed in this appeal. This second question is focused on the application of the provision of s 14(1)(a) of the Act which provides as follows:

> 14(1) A mark or part of a mark shall not be registered as a trade mark —
>
> (a) if the use of which is likely to deceive or cause confusion to the public or would be contrary to law.

[24] Section 14(1)(a) of the Act prohibits the registration of a mark if use of the mark will lead to likelihood of confusion or deception as a result of the goodwill and reputation pertaining to a prior mark used in relation to goods falling in a different class from that sought to be registered. The issue here is

whether on the factual circumstances of the present case there is any likelihood of deception and confusion arising from the use by the appellant of the 'GIORDANO' trademark in relation to class 9 goods based on the prior use by the respondent and its goodwill and reputation thereof in relation to class 25 goods.

[25] The objective and purpose of the s 14(1)(a) of the Act is to protect the public and consumers from instances of confusion or deception as a result of the use of two similar marks. Thus, under s 14(1)(a) of the Act, a mark shall be refused registration if use thereof is likely to deceive or cause confusion to the public notwithstanding that it is the result of use of an earlier identical or similar mark, whether registered or not in Malaysia and which is being used in relation to goods or services which may be different from that sought to be registered. On this point, there are a number of decided cases to show the circumstances under which the opponent had successfully opposed application for the registration of a trademark by an applicant in relation to goods or services falling under different classes but having identical or similar marks as follows:

(a) in *Alfred Dunhill Ltd v Sunoptic SA* [1979] FSR 337 the registration of the name DUNHILL was refused for sunglasses due to the use by the plaintif for many years of the mark for tobacco products and luxury goods. Although, the plaintiffs had not sold sunglasses in the United Kingdom, the Court of Appeal held that there was a risk of confusion and stressed that the issue was the damage to the appellants' overall reputation and not damage to particular classes of goods which the appellants were then involved in selling;

(b) in the case of *QS by S Oliver Trade Mark* [I999] RPC 520 the court partially allowed the opposition by the opponent in respect of use of the mark QS by S Oliver in relation to leather goods, leather bags and purses in class 18 as a result of the opponent's prior registration of QS marks in class 25. The court held that leather goods, leather bags and purses would be regarded as clothing accessories as they were complementary to clothing, users and trade channels were the same and were found adjacent to each other in retail outlets. As such the opposition by the opponent succeeded in respect of those goods; and

(c) in the local case of *Thrifty Rent-A-Car System Inc v Thrifty Rent-A-Car Sdn Bhd & Anor* [2004] 7 MLJ 567; [2004] 2 AMR 57 which concerns the use of an identical mark in relation to goods and services which are in different classes, the High Court held that although the appellant's vehicle rental and leasing services are not the same as the respondent's goods in class 16 namely paper products and stationery, confusion and deception is likely to arise since the appellant had acquired substantial

reputation and goodwill through use of the 'Thrifty Rent-A-Car' mark in relation to vehicle rental and leasing services.

[26] As regards the test of confusion and deception it is now well settled. The decision of the House of Lords in the case of *Bali Trade Mark* [1969] RPC 472 in interpreting s 11 on the UK Trade Marks Act which is equivalent to our s 14(1)(a) of the Act is highly instructive. Lord Upjohn held in that case at p 496 on the test of likelihood of confusion and deception, as follows:

> What then, is the test? This must necessarily be a question of fact and degree in every case … It is not necessary in order to find that a mark offends against section 11 to prove that there is an actual probability of deception leading to passing off or (I add) an infringement action … It is sufficient if the result of the registration of the mark will be that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source.

[27] Confusion and deception as envisaged by s 14(1)(a) of the Act in our view is a question of fact and degree. The likelihood of confusion and deception can never be ruled out in the present case simply because the goods sought to be registered by the appellant fall in class 9 whilst the goods that have been sold and traded by the respondent fall in other classes such as class 25. Further, the more well known or unusual a trademark, the more likely is that consumers might be confused into believing that there is a trade connection between goods or services bearing the same or a similar mark. In the case of *Canon Kabushiki Kaisha v Metro-Goldwyn-Mayer Inc* [1998] All ER (EC) 934; [1999] RPC 177 the court therein held that a lesser degree of similarity between the goods and services may be offset by a greater degree of similarity between the marks and vice versa.

[28] In the present case it must be noted that the appellant has sought to register the 'GIORDANO' trademark which is identical both visually and phonetically to the respondent's 'GIORDANO' trademark. 'GIORDANO' is an unusual and uncommon term in Malaysia. We are of the view that a number of persons will be caused to wonder whether it might not be the case that the two products came from the same source by reason of the use of the identical mark as the respondent's, and the goodwill and reputation that the respondent enjoys with respect to its 'GIORDANO' trademark both in Malaysia and internationally.

[29] It is our judgment that the respondent has established that it has goodwill and reputation not only in relation to class 25 goods but by the application date, it has already established goodwill and reputation in relation to its 'GIORDANO' trademark arising from the use not limited to clothing and apparel being goods falling in class 25 but also in respect of leather goods,

belts, bags and fashion accessories. Thus, the business interest of the respondent extends beyond just apparel and clothing in class 25 goods. Further, the goodwill and reputation of the respondent transcends the goods in which it had actually traded as the respondent is in the fashion retail business that encompasses products such as optical and sunglasses.

[30] We are of the view any use by the appellant of the same trademark in relation to class 9 goods will likely lead to confusion and deception within the meaning of s 14(1)(a) of the Act. The members of the public are very likely to associate the respondent's goods bearing the 'GIORDANO' trademark with the appellant as the trademark used by the respondent is identical or substantially similar to the appellant's registered trademark.

[31] We find that the appellant's and respondent's goods in classes 9 and 25 are fashion wear which share similar nature and purpose. Optical and sunglasses in class 9 are fashion products. Likewise, articles of clothing and leather goods such as belts and bags in class 25 are also fashion products. Both the appellant's and the respondent's goods are targeted at the same customers and made available through similar retail channels and are commonly found to be sold together or next to each other in departmental stores, retail stores and fashion boutiques. We are of the view that just because the goods are classified in different classes it does not mean that there will be no likelihood of confusion in the use of identical trademarks by two different proprietors. In the case of *McCormick & Company Inc v McCormick* [2000] FCA 1335, the Federal Court of Australia held that spices and instant butter are goods of the same description and emphasised that the classification contained in the schedules to the Trade Mark Rules are not a decisive criterion as to whether or not two sets of goods are of 'the same description'. Further, it was stated also that the expression 'goods of the same description' is not to be construed restrictively and regard is paid to the commercial context in which the goods in question are bought and sold.

[32] It is to be noted that in recent years, proprietors of major brand names have expanded their product lines to embrace all facets of fashion products. On this point we are of the view the court can take judicial notice of the fact that many trademark owners including famous brands which have presence in Malaysia today, such as Chanel, Gucci, Giorgio Armani and Louis Vuitton, to name a few, boast product lines that encompass optical wear and sunglasses, clothing, leather products as well as cosmetics and perfumes. There may be products that are licensed to third parties to be sold under the trademark, and the value of a well established trademark can be fully exploited by the brand owners in such manner. Given the modern day retail business, it is no longer realistic to segregate market segments by the different types of goods sold. The same consumer who purchases a 'GIORDANO' T-shirt may purchase a pair of

'GIORDANO' sunglasses, irrespective of whether the sunglasses, are sold in the 'GIORDANO' store or in a department store.

[33] It is our judgment that in the present case it is inevitable that the consumers will assume that both products of the appellant and the respondent are of the same origin, that is, ultimately originating from or authorised by the respondent, as they carry an identical trademark. By the appellant's use of the 'GIORDANO' trademark in relation to optical and sunglasses, it would result in the misappropriation of the goodwill and reputation of the respondent which the respondent enjoys internationally as well as in Malaysia. In our view, the use of the 'GIORDANO' trademark by the appellant is certainly likely to cause confusion or deception within the meaning and scope of s 14(1)(a) of the Act.

THE CONCLUSION

[34] For the reasons abovestated we would answer the first question posed in this appeal in the negative and the second question in the affirmative. In the result we would dismiss the appellant's appeal with costs. We award a sum of RM50,000 to the respondent as costs. The deposit is to be paid to the respondent towards the costs.

Appeal dismissed with costs.

Reported by Kohila Nesan